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In December, the annual rate of inflation as measured by the Retail Price Index stood at 0.15 per cent.

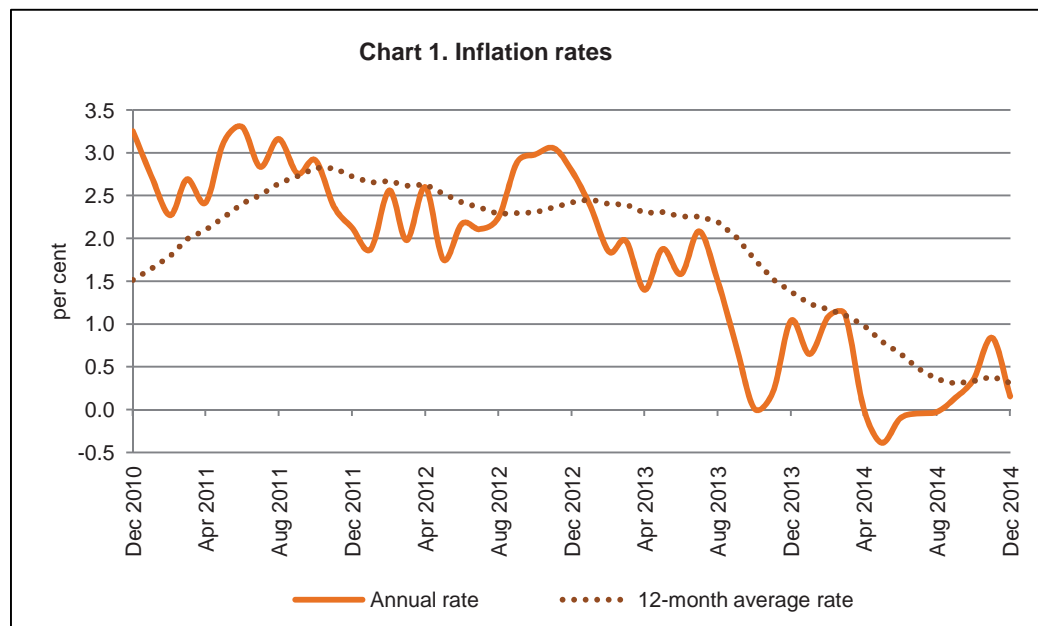
Retail Price Index: December 2014

In December, the annual rate stood at 0.15 per cent, as shown in Chart 1. A year earlier the annual rate was 1.04 per cent.

The main upward impacts were recorded in the Recreation and Culture Index (0.23 percentage points), Clothing and Footwear Index (0.20 percentage points) and the Beverages and Tobacco Index (0.15 percentage points). This was mainly due to higher prices for education-related expenses, garments and cigarettes respectively (Table 5).

The largest downward impact on annual inflation was brought about by the Water, Electricity, Gas and Fuels Index (-0.63 percentage points), mainly due to lower electricity rates (Table 5).

The twelve-month moving average rate was 0.31 per cent ■



Compiled by:

Unit A5: Price Statistics

**Directorate A: Economic
Statistics**

Further information on data:

Mr Keith BORG

T. +356 2599 7312

E. keith.borg@gov.mt

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Issued by: **External Cooperation and Communication Unit, National Statistics Office, Lascaris, Valletta VLT 2000, Malta.**

T. +356 2599 7219 F. +356 2599 7205 E. nso@gov.mt

Table 1. RPI Group Indices
December 2009=100

Group	Weight	Indices			Annual rate (%)	Monthly rate (%)
		Dec 2013	Nov 2014	Dec 2014	Dec 2014	Dec 2014
Food	21.23	118.96	119.76	119.07	0.09	-0.58
Beverages and Tobacco	6.09	115.57	117.06	118.47	2.51	1.20
Clothing and Footwear	7.41	94.22	94.79	96.78	2.72	2.10
Housing	7.61	109.04	109.20	109.00	-0.03	-0.18
Water, Electricity, Gas and Fuels	3.36	129.75	105.59	105.59	-18.62	0.00
Household Equipment and House Maintenance Costs	6.59	103.54	103.11	103.31	-0.22	0.19
Transport and Communication	22.76	104.80	105.24	105.49	0.66	0.24
Personal Care and Health	8.57	107.07	107.90	107.90	0.77	0.00
Recreation and Culture	9.28	106.60	108.90	109.27	2.50	0.34
Other Goods and Services	7.10	110.20	111.70	112.05	1.68	0.31
All Items Retail Price Index	100.00	109.50	109.47	109.67	0.15	0.18

Table 2. Retail Price Index by group
Rates of change (%)

Group	Weight	Annual rate			Monthly rate		
		Dec 2013	Nov 2014	Dec 2014	Dec 2013	Nov 2014	Dec 2014
Food	21.23	2.63	3.00	0.09	2.32	1.90	-0.58
Beverages and Tobacco	6.09	6.34	3.51	2.51	2.19	0.37	1.20
Clothing and Footwear	7.41	0.62	1.41	2.72	0.80	2.48	2.10
Housing	7.61	0.54	0.19	-0.03	0.04	0.01	-0.18
Water, Electricity, Gas and Fuels	3.36	-1.16	-18.62	-18.62	0.00	0.00	0.00
Household Equipment and House Maintenance Costs	6.59	1.96	0.11	-0.22	0.53	0.21	0.19
Transport and Communication	22.76	-1.84	1.07	0.66	0.65	-0.43	0.24
Personal Care and Health	8.57	2.21	0.90	0.77	0.12	0.11	0.00
Recreation and Culture	9.28	2.27	2.17	2.50	0.01	-0.30	0.34
Other Goods and Services	7.10	-0.98	0.83	1.68	-0.52	0.10	0.31
All Items	100.00	1.04	0.84	0.15	0.87	0.52	0.18

Table 3. All Items Retail Price Index by month and year
December 2009=100

Month	2010	2011	2012	2013	2014
January	99.49	102.20	104.11	106.58	107.27
February	99.86	102.13	104.74	106.67	107.83
March	100.43	103.13	105.17	107.24	108.43
April	101.44	103.89	106.59	108.08	108.09
May	101.61	104.78	106.61	108.61	108.19
June	101.21	104.55	106.82	108.51	108.40
July	101.07	103.94	106.13	108.34	108.29
August	100.96	104.15	106.49	108.08	108.05
September	101.65	104.45	107.47	108.26	108.41
October	102.39	105.37	108.51	108.52	108.90
November	102.70	105.13	108.34	108.56	109.47
December	103.25	105.44	108.38	109.50	109.67

Table 4. Inflation rates by month and year
(%)

		Annual rate	12-month moving average rate
2011	January	2.72	1.65
	February	2.27	1.79
	March	2.69	1.99
	April	2.42	2.10
	May	3.12	2.25
	June	3.30	2.41
	July	2.83	2.50
	August	3.16	2.64
	September	2.76	2.73
	October	2.91	2.82
	November	2.37	2.82
	December	2.12	2.72
2012	January	1.87	2.65
	February	2.56	2.67
	March	1.98	2.61
	April	2.60	2.63
	May	1.75	2.51
	June	2.17	2.42
	July	2.11	2.36
	August	2.25	2.28
	September	2.89	2.30
	October	2.98	2.30
	November	3.05	2.36
	December	2.79	2.42
2013	January	2.37	2.46
	February	1.84	2.40
	March	1.97	2.40
	April	1.40	2.30
	May	1.88	2.31
	June	1.58	2.26
	July	2.08	2.25
	August	1.50	2.19
	September	0.74	2.01
	October	0.01	1.76
	November	0.20	1.52
	December	1.04	1.38
2014	January	0.65	1.23
	February	1.08	1.17
	March	1.11	1.10
	April	0.01	0.99
	May	-0.39	0.80
	June	-0.10	0.66
	July	-0.05	0.48
	August	-0.03	0.35
	September	0.14	0.30
	October	0.35	0.33
	November	0.84	0.39
	December	0.15	0.31

Table 5. Impact on annual inflation *

Group	Weight	Annual rate December 2014	Impact (percentage points) December 2014
Food	21.23	0.09	0.02
Beverages and Tobacco	6.09	2.51	0.15
Clothing and Footwear	7.41	2.72	0.20
Housing	7.61	-0.03	0.00
Water, Electricity, Gas and Fuels	3.36	-18.62	-0.63
Household Equipment and House Maintenance Costs	6.59	-0.22	-0.01
Transport and Communication	22.76	0.66	0.15
Personal Care and Health	8.57	0.77	0.07
Recreation and Culture	9.28	2.50	0.23
Other Goods and Services	7.10	1.68	0.12

* See methodological note 8

Methodological Notes

1. The Retail Price Index is the main measure of inflation in Malta. It measures the average change from month to month in the prices of goods and services purchased by most households in Malta.
2. The Index is compiled using a large and representative selection of more than 355 separate goods and services for which price movements are regularly monitored. Over 9,000 separate price quotations are used each month in compiling the Index.
3. The methodology of the Retail Price Index (RPI) and the Harmonised Index of Consumer Prices (HICP) is similar, but differs in the following ways:
 - (a) The population base of each index is different. The RPI is representative of private households only. The HICP covers private households, institutional households and foreign visitors to Malta;
 - (b) The RPI is a fixed weight and fixed base index while the HICP is a chain index whose weights are reviewed on an annual basis. Additionally, newly significant goods and services are introduced into the HICP on an annual basis;
 - (c) The coverage of the HICP is based on an international classifications system, COICOP (Classification of Individual Consumption by Purpose). The way in which this broadly maps to the RPI groupings is shown in the following table:

	COICOP Division	RPI Group
01	Food and non-alcoholic beverages	Food (including take-away food and food consumed in restaurants)
02	Alcoholic Beverages and Tobacco	Beverages and tobacco
03	Clothing and Footwear	Clothing and footwear
04	Housing, Water, Electricity, Gas and Other Fuels	Housing Water, electricity, gas and fuels
05	Furniture, Household Equipment and Routine Maintenance of the House	Household equipment and house maintenance costs
06	Health	Personal care and health
07	Transport	Transport and communication
08	Communication	
09	Recreation and Culture	Recreation and culture (including education)
10	Education	
11	Restaurants and Hotels	Restaurants (included under food)
12	Miscellaneous Goods and Services	Other goods and services

This comparison is broad and indicative only. Therefore, users are advised to consult the NSO before comparing the results of these indices at such levels.

4. Price quotations in respect of the goods and services in the latest index series started being collected in December 2009. This latest index series may be linked to the previous one by using a linking coefficient of 1.1835.
5. Each monthly News Release on the Retail Price Index shall include three different measures of inflation as follows:
 - (a) The **monthly inflation** compares price levels between the two latest months. Although up to date, this can be affected by seasonal and other effects.
 - (b) The **annual inflation** measures price changes between the reference month and the same month of the previous year. This measure is responsive to recent changes in price levels but can be influenced by one-off effects in either month.
 - (c) The **12-month average rate** overcomes the volatility of the above two rates by comparing average Retail Price Indices in the latest 12 months to the average of the previous 12 months. This measure is less sensitive to transient changes in prices.

6. An impact is a measure showing the change in the inflation due to the inclusion of an index. The impact takes account of both the weight and the annual rate of inflation by sub-index. Figures may not add up due to rounding.
7. The data in this release are not normally subject to revision.
8. More information on the Retail Price Index is available from the NSO website at: http://nso.gov.mt/en/nso/Selected_Indicators/Retail_Price_Index/Pages/Retail-Price-Index.aspx
9. More information relating to this news release may be accessed at:
<http://nso.gov.mt/metadata/concepts.aspx>
<http://nso.gov.mt/metadata/reports.aspx?id=10>
<http://nso.gov.mt/statdb/start>